

## Message Text

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ORIGIN L-03

INFO OCT-01 ARA-10 EUR-12 ISO-00 CAB-02 DOTE-00 EB-08  
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DRAFTED BY L:LRMARKS:CDJ  
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CAB:DFARMER  
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FM SECSTATE WASHDC  
TO AMEMBASSY PARIS IMMEDIATE  
INFO AMEMBASSY BONN  
AMEMBASSY LONDON  
AMEMBASSY LIMA

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LIMA FOR ATWOOD

E.O. 11652: N/A

TAGS:

SUBJECT: PANAM: CHANGE OF GAUGE

REFS: (A) PARIS 20616 (B) PARIS 20735 (C) PARIS 20910

1. WE PREFER TO ARBITRATE CHANGE OF GAUGE ISSUE RATHER  
THAN NEGOTIATE IT. WE ARE RELUCTANT TO ARBITRATE PART  
213, BUT CAN COMPROMISE ON OTHER DISPUTED ISSUES. SUG-  
GESTED COMPROMISE IS OUTLINED BELOW.

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(A) WE PROPOSED ARBITRATION ENDING SEPT 15; FRENCH  
COUNTERED WITH EARLY JANUARY. SUGGEST WE SPLIT DIF-  
FERENCE, BUT, IF NECESSARY, WE CAN ACCEPT FRENCH PRO-  
POSAL.

(B) DURING PERIOD FROM MAY 3 TO END OF ARBITRATION, WE  
WILL ACCEPT BALANCED EQUALITY, WITH PANAM PERMITTED TO

CHANGE GAUGE FOR HALF THAT PERIOD AND NOT PERMITTED FOR HALF. WE ASSUME THAT FRENCH ARE FLEXIBLE WITH RESPECT TO IMPLEMENTING THIS PRINCIPLE SO LONG AS THE BALANCE IS EQUAL. FYI: WE DO NOT KNOW WHETHER PANAM WOULD PREFER LIMIT ON NUMBER OF CHANGES OF GAUGE PERMITTED EACH WEEK OR ON PERIODS DURING WHICH ANY CHANGE OF GAUGE PERMITTED. END FYI.

(C) WE WILL ACCEPT THE ADDITIONAL PREAMBULAR LANGUAGE PROVIDED BY THE FRENCH AT CONCLUSION LAST MTG (RELATING TO EXHAUSTION OF LOCAL REMEDIES).

(D) UPON SIGNATURE OF ARBITRATION COMPROMIS, CAB, WILL WITHDRAW PART 213 ORDERS.

(E) FRENCH WILL NOT SEEK TO ARBITRATE PART 213 AT THIS TIME. THEY HAVE SUFFERED NO DAMAGE FROM MEASURES TAKEN SO FAR (ONLY MEASURE HAS BEEN REQUIREMENT TO FILE SCHEDULES). INCLUSION OF PART 213 WILL COMPLICATE ARBITRATION AND COULD LEAD TO INTRODUCTION OTHER ISSUES.

(F) IF THE ARBITRAL TRIBUNAL CANNOT ANNOUNCE A DECISION BY THE PROPOSED ENDING DATE (FOR REASONS BEYOND THE CONTROL OF EITHER PARTY), THE PARTIES WILL AGREE ON INTERIM ARRANGEMENTS BEYOND THAT DATE. IF THEY CANNOT AGREE, EITHER PARTY MAY ASK THE ARBITRAL TRIBUNAL FOR LIMITED OFFICIAL USE

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AN IMMEDIATE INTERIM RULING ON SUCH ARRANGEMENTS. SAME PROCEDURE WILL BE FOLLOWED IF FRENCH PREVAIL ON EXHAUSTION OF LOCAL REMEDIES ARGUMENT (PARA C ABOVE), AND FRENCH TRIBUNAL HAS NOT RENDERED FINAL DECISION IN PANAM CASE BY PROPOSED END OF ARBITRATION.

2. FRENCH MAY BE TEMPTED TO TAKE OUR CONCESSIONS AND STILL INSIST ON ARBITRATING PART 213. U.S. CONCESSIONS ON OTHER ISSUES ARE CONTINGENT UPON FRENCH AGREEMENT ON COMPROMISE AS A WHOLE.

3. FRENCH MAY BE PLANNING THEIR OWN COMPROMISE PROPOSAL. WE LEAVE TO EMBASSY'S DISCRETION WHETHER TO SOLICIT PROPOSAL FROM FRENCH OR TO TAKE THE INITIATIVE IN TABLING SUGGESTED COMPROMIS. WE ALSO LEAVE TO EMBASSY'S DISCRETION AT WHAT LEVEL AND HOW BEST TO TABLE COMPROMISE. FRENCH LEGAL AND AVIATION OFFICES, HOWEVER, STRONGLY WISH TO ARBITRATE PART 213, SO THAT HIGH LEVEL POLITICAL ASSISTANCE WILL PROBABLY BE NECESSARY TO GET AGREEMENT THAT COMPROMISE IS REASONABLE.

4. IF FRENCH AGREE WITH COMPROMISE, SUGGEST THAT THEY

COME TO WASHINGTON SOONEST TO NEGOTIATE AND SIGN COMPROMIS. WE COULD RECEIVE THEM END OF THIS WEEK OR BEGINNING NEXT.

5. FRENCH COURT SCHEDULED TO RULE ON PANAM MOTION FOR STAY ON JULY 4. IF COURT PERMITS PANAM TO FLY

PENDING TRIAL ON MERITS, ABOVE COMPROMISE WOULD NOT BE NECESSARY. PANAM FRENCH LAWYER WILL CALL MYERSON OR O'CONNOR AS SOON AS COURT RULES. PLS DO NOT REPEAT NOT IMPLEMENT ABOVE INSTRUCTIONS ON TUESDAY, JULY 4, UNTIL AND UNLESS FRENCH COURT RULES AGAINST PANAM. IF RULING IS DELAYED, YOU MAY PROCEED ON WEDNESDAY. VANCE

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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Draft Date:** 03 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Type:** TE  
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